

Message Text

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VIENNA FOR IAEA

E.O. 11652: N/A

AGS: AORG, ICAO

SUBJECT: DEPOSITS OF INTERNATIONAL ORGANIZATION FUNDS

REF: MONTREAL 1224

1. THE FINANCIAL RULES OF ICAO LIKE THOSE OF OTHER INTER-
NATIONAL ORGANIZATIONS CALL FOR ANNUAL ASSESSMENTS TO BE
PAID WITHIN A VERY SHORT TIME (USUALLY 30 DAYS) FOLLOWING
THE BEGINNING OF THE ASSESSMENT YEAR. SINCE THIS OBLIGATION
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IS HONORED MORE IN THE BREACH THAN BY COMPLIANCE, MANY
ORGANIZATIONS HAVE A WORKING CAPITAL FUND FROM WHICH TO
DRAW TO COVER NECESSARY EXPENDITURES WHILE AWAITING RECEIPT
OF ANNUAL ASSESSMENTS. AROUND MID YEAR WHEN MOST OF THE
ASSESSMENTS HAVE BEEN PAID AMOUNTS NOT NEEDED TO MEET
IMMEDIATE EXPENSE ARE "INVESTED" BY BEING DEPOSITED IN
VARIOUS INTEREST BEARING ACCOUNTS (E.G., SEVEN DAY, THIRTY

DAY, SIXTY DAY, ETC.). THE INTEREST RECEIVED ON THESE DEPOSITS IS REPORTED AS A SEPARATE LINE ITEM "INTEREST ON INVESTMENTS" AND GOES INTO THE MISCELLANEOUS INCOME OF THE BUDGET.

2. SINCE THE USG HAS TO PAY INTEREST ON THE MONEY IT BORROWS TO PAY ITS ASSESSMENTS, WE HAVE WORKED OUT PROCEDURES WHERE WE PAY OUR ASSESSMENTS IN 4 QUARTERLY

PAYMENTS. OUR PROCEDURE HAS BEEN ACCEPTED BY NEARLY ALL THE ORGANIZATIONS OF WHICH WE ARE A MEMBER.

3. AN ORGANIZATION'S CONTROLLER NORMALLY DESIGNATES THE BANKS IN WHICH OFFICIAL FUNDS ARE DEPOSITED ON THE BASIS OF EASY ACCESS AND INTEREST INCOME.

4. ANY ATTEMPT TO REQUIRE THE DEPOSIT OF PART OF ICAO'S TEMPORARY SURPLUS FUNDS IN "US INSTITUTIONS OR INSTRUMENTS" WOULD ALMOST CERTAINLY "OPEN PANDORA'S BOX" CAUSING OTHER COUNTRIES TO CLAMMER FOR DEPOSITS.

5. WOULD APPRECIATE DETAILS ON HOW ICAO ACCUMULATED FIVE MILLION DOLLARS ALMOST TWENTY PERCENT OF THE COMPLETE ORGANIZATIONS BUDGET AS PROJECTED FOR 1979.

6. SINCE UN AND UNDP ARE LARGEST RECIPIENTS OF US FUND-LIMITED OFFICIAL USE

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ING TO INTERNATIONAL ORGANIZATIONS AND BOTH BANK IN THE US, WE BELIEVE PRESSING THIS POINT ON DEPOSITING OF FUNDS WOULD BE EXTREMELY DETRIMENTAL TO US INTERESTS. VANCE

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